

**ST. HELENA PARISH WATERWORKS
DISTRICT NO. 2**

**PARISH OF ST. HELENA
GREENSBURG, LOUISIANA**

**ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2000**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 6-6-01

St. Helena Parish Waterworks District No. 2
Parish of St. Helena
Greensburg, Louisiana
Year Ended December 31, 2000

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St. Helena Parish Waterworks District No. 2
Parish of St. Helena
Greensburg, Louisiana
Year Ended December 31, 2000

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
St. Helena Parish Waterworks District No. 2
Greensburg, Louisiana 70441

We have audited the accompanying general purpose financial statements of the St. Helena Parish Waterworks District No. 2, Louisiana, a component unit of the St. Helena Parish Police Jury, as of December 31, 2000, and for the year then ended, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the district's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the St. Helena Parish Waterworks District No. 2's, general purpose financial statements present fairly, in all material respects, the financial position of the St. Helena Parish Waterworks District No. 2, as of December 31, 2000, and the results of its operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2001, on our consideration of the St. Helena Parish Waterworks District No. 2's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The schedules listed in the table of contents are presented for additional analysis and are not a required part of the financial statements of the St. Helena Parish Waterworks District No. 2, Louisiana. Also, the accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements of the St. Helena Parish Waterworks District No. 2. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.



Bruce Harrell and Company, CPAs
A Professional Accounting Corporation

March 5, 2001

St. Helena Parish Waterworks District No. 2
Parish of St. Helena
Greensburg, Louisiana

STATEMENT A

BALANCE SHEET - PROPRIETARY FUND TYPE
December 31, 2000

ASSETS

Current Assets:

Cash	\$ 38,100
Accounts Receivable (Net)	33,127
Accrued Billings	7,896
Prepaid Insurance	1,006
Total Current Assets	<u>80,129</u>

Restricted Assets:

Cash - RUS Bond Sinking Fund	176,269
Cash - RUS Depreciation & Contingency Fund	60,254
Cash - RUS Bond Reserve Fund	77,906
Cash - Customer Deposits	30,225
Cash - Phase IV Construction	4,763
Cash - Capital Improvements Fund	103,896
Total Restricted Assets:	<u>453,313</u>

Property, Plant and Equipment:

Land	12,350
Buildings	24,005
Furniture and Fixtures	1,591
Vehicles	12,705
Equipment	6,250
Chemical Storage Tank	9,356
Water System	1,109,099
Water Well - RUS NE Expansion	145,424
Water Tank - RUS NE Expansion	161,715
Water Lines - RUS NE Expansion	433,552
Phase IV Water Distribution System	603,569
Phase III Expansion	1,349,122
Construction in Progress - Phase IV	214,900
Total Property, Plant and Equipment	<u>4,083,638</u>

Less: Accumulated Depreciation

Net Property, Plant and Equipment	<u>(881,852)</u>
Total Assets	<u>\$ 3,201,786</u>

LIABILITIES AND FUND EQUITY

Liabilities:

Current Liabilities (Payable From Current Assets):

Accounts Payable	\$ 4,102
Sales Tax Payable	731
Payroll Taxes Payable	136
Total Current Liabilities (Payable From Current Assets)	<u>4,969</u>

Continued on the following page

The accompanying notes are an integral part of these statements.

St. Helena Parish Waterworks District No. 2
Parish of St. Helena
Greensburg, Louisiana

STATEMENT A

BALANCE SHEET - PROPRIETARY FUND TYPE
(Continued)
December 31, 2000

Current Liabilities (Payable From Restricted Assets):	
Current RUS Bond Payable	\$ 16,263
Accrued RUS Bond Interest	58,438
Customer Deposits Payable	46,836
Accrued Construction Interest	2,275
Construction Accounts Payable	13,320
Construction Retainage Payable	4,375
Total Current Liabilities (Payable From Restricted Assets)	<u>141,507</u>
Long-Term Liabilities:	
Revenue Bonds Payable-	
RUS Original System	433,099
RUS NE Expansion	176,486
Phase III Expansion	341,486
Phase IV Water Distribution System	197,592
Phase IV Water Well & Tank Improvement	167,670
Total Long-Term Liabilities	<u>1,316,333</u>
Total Liabilities	<u>1,462,809</u>
Fund Equity:	
Contributed Capital - RUS Original System	500,000
Contributed Capital - RUS NE Expansion	542,000
Contributed Capital - RUS Hwy 16 Relocation	102,581
Contributed Capital - Fire Department	5,540
Contributed Capital - Phase III Expansion	980,000
Contributed Capital - Connection Fees	26,750
Contributed Capital - Phase IV Expansion	370,400
Less: Accumulated Amortization	(496,386)
Net Contributions	<u>2,030,885</u>
Retained Earnings:	
Reserved for RUS Bond Depreciation and Contingency	138,160
Unreserved Retained Earnings:	
Designated	103,374
Undesignated	-
Total Retained Earnings	<u>241,534</u>
Total Fund Equity	<u>2,272,419</u>
Total Liabilities and Fund Equity	<u>\$ 3,735,228</u>

(Concluded)

The accompanying notes are an integral part of these statements.

St. Helena Parish Waterworks District No. 2
Parish of St. Helena
Greensburg, Louisiana

STATEMENT B

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN UNRESERVED
RETAINED EARNINGS - PROPRIETARY FUND TYPE
Year Ended December 31, 2000**

Operating Revenues	
Water Sales	\$ 244,397
Connection Fees	13,525
DHH Fees	379
Late Charges	8,348
Interest	19,438
Total Operating Revenues	<u>286,087</u>
Operating Expenses	
Salaries	6,862
Payroll Taxes	546
Per Diem - Board Members	2,800
Accounting	11,055
Bad Debts	579
Advertising	205
Billing Costs	8,000
Chemicals	2,326
Contract Management & Operations	56,992
Depreciation	88,350
Dues	150
Insurance	4,892
Meter Installations	4,800
Miscellaneous	362
Office Supplies & Expense	1,398
Postage	3,147
Repairs and Maintenance	11,236
Supplies - Water System	5,317
Telephone	1,404
Utilities	14,626
Vehicle Expense	2,280
Total Operating Expense	<u>227,327</u>
Net Operating Income	<u>58,760</u>
Non-Operating Revenue (Expenses):	
Interest Expense	(66,648)
Miscellaneous Income	3,806
Recovery-Bad Debts	325
Total Non-Operating Revenue (Expenses)	<u>(62,517)</u>
Net Income (Loss)	(3,757)
Retained Earnings-Unreserved, Beginning	63,695
Amortization of Contributed Capital	53,253
Increase in Reserve for Contingencies	(9,817)
Retained Earnings-Unreserved, Ending	<u>\$ 103,374</u>

The accompanying notes are an integral part of these statements.

St. Helena Parish Waterworks District No. 2
Parish of St. Helena
Greensburg, Louisiana

STATEMENT C

STATEMENT OF CASH FLOWS-PROPRIETARY FUND TYPE
Year Ended December 31, 2000

Cash Flows From Operating Activities:

Operating Income	\$ 58,760
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	88,350
Changes in Accounts Receivable	(4,170)
Changes in Accrued Billings	(2,670)
Changes in Due From Rural Utility Service	40,000
Changes in Prepaid Insurance	12
Changes in Accounts Payable and Accrued Expenses	984
Changes in Current Liabilities Payable from Restricted Assets	(49,923)
Net Cash Provided by Operating Activities	<u>131,343</u>

Cash Flows From Capital and Related Financing Activities:

Acquisition of property and equipment	(437,285)
Phase IV RUS Bond Proceeds	169,000
Phase IV RUS Capital Contribution	197,400
Principal Repayments-	
RUS Bond - Original Water System	(9,693)
RUS Bond - RUS NE Expansion	(2,629)
RUS Bond - Phase III	(4,347)
RUS Bond - Phase IV Water Distribution System	(499)
Interest Payments - RUS Loans	(66,648)
Net Cash Used by Capital and Related Financing Activities	<u>(154,701)</u>

Cash Flows From Non-capital Financing Activities:

Miscellaneous Income	3,806
Recovery of Bad Debts	325
Net Cash Provided by Non-capital Financing Activities	<u>4,131</u>

Net Cash Increase (Decrease) for Year (19,227)

Cash at Beginning of Year 510,640

Cash at End of Year \$ 491,413

The accompanying notes are an integral part of these statements.

St. Helena Parish Waterworks District No. 2
Parish of St. Helena
NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2000

INTRODUCTION

St. Helena Parish Waterworks District No. 2 was established July, 1983, by an ordinance of the St. Helena Parish Police Jury, Greensburg, Louisiana. The ordinance, enacted pursuant to Louisiana Revised Statutes 33:3813, describes and defines the boundaries of the water district, and provides for a 5-member governing board of commissioners appointed by the St. Helena Parish Police Jury.

St. Helena Parish Waterworks District No. 2 was thus created and constitutes a public corporation and political subdivision of the State of Louisiana, and has all the power and privileges granted by the Constitution and statutes of this state to such subdivision, including the authority to incur debt, to issue bonds, and to levy taxes and assessments.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of the St. Helena Parish Waterworks District No. 2 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

The district is a component unit of the St. Helena Parish Police Jury, the financial reporting entity. The police jury is financially accountable for the district because it appoints a voting majority of the board and has the ability to impose its will on them.

The accompanying financial statements present information only on the funds maintained by the district and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING

The St. Helena Parish Waterworks District No. 2 was organized and is operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, fund equity, revenues, and expenses. The operations are financed and operated in a manner similar to a private enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Enterprise Fund is accounted for on a flow of economic resources measurement focus and determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. The Enterprise Fund uses the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized at the time liabilities are incurred. Interest on revenue bonds, proceeds of which are used in financing the construction of certain assets, is capitalized during the construction period.

St. Helena Parish Waterworks District No. 2
Parish of St. Helena
NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2000
(Continued)

E. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the district may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

F. INVENTORIES

Purchases of various operating supplies are regarded as expenditures at the time purchased, and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year.

G. PREPAID ITEMS

Prepaid items consist of prepaid insurance premiums.

H. RESTRICTED ASSETS

Certain proceeds of the Enterprise Fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

I. FIXED ASSETS

Fixed assets of the district are included on the balance sheet of the fund. Interest costs incurred during construction are capitalized. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

J. COMPENSATED ABSENCES

At December 31, 2000, the district did not have employees that accumulate or vest benefits.

K. LONG-TERM LIABILITIES

Long-term liabilities are recognized within the Enterprise Fund.

L. FUND EQUITY

Contributed Capital

Grants, entitlements, or shared revenues that are restricted for the acquisition or construction of capital assets are recorded as contributed capital. Contributed capital is amortized based on the depreciation recognized on that portion of the assets acquired from such contributions. This depreciation is closed to the contributed capital account and is reflected as an adjustment to net income.

St. Helena Parish Waterworks District No. 2
Parish of St. Helena
NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2000
(Continued)

Reserve

Reserves represent those portions of fund equity legally segregated for a specific future use.

M. USE OF ESTIMATES

The preparation of financial statements in conformance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

St. Helena Parish Waterworks District No. 2
Parish of St. Helena
NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2000
(Continued)

2. CASH AND CASH EQUIVALENTS

At December 31, 2000, the district had cash and cash equivalents (book balances) totaling \$491,413, as follows:

Demand Deposits	\$ 217,317
Time and Savings Accounts	273,896
Other	200
Total	<u>\$ 491,413</u>

These deposits are stated at cost, which approximates market value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2000, the district had \$594,909 in collected bank balances deposited in two separate banks. For the first bank, collected bank balances at December 31, 2000, totaled \$453,354 and consisted of \$293,354 in demand deposit accounts, and \$160,000 in time and savings accounts. The demand deposit accounts, totaling \$293,354, were secured by \$100,000 of federal deposit insurance and \$193,354 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). The time and savings accounts, totaling \$160,000, were secured by \$100,000 of federal deposit insurance, and \$60,000 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). In the second bank, the district had collected bank balances totaling \$141,555, and consisting of \$27,658 in demand deposit accounts and \$113,896 in time and savings accounts. The demand deposit accounts, totaling \$27,658, were secured by \$100,000 of federal deposit insurance. The time and savings accounts, totaling \$113,896 were secured by \$100,000 of federal deposit insurance and \$13,896 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district that the fiscal agent has failed to pay deposited funds upon demand.

3. RECEIVABLES

The Water Enterprise Fund customer accounts receivable at December 31, 2000, consisted of the following:

Current	\$ 18,145
31 - 60	7,938
61 - 90	3,013
Over 90	4,804
Total	<u>33,900</u>
Less: Allowance for Bad Debts	(773)
Accounts Receivable, Net	<u>\$ 33,127</u>

St. Helena Parish Waterworks District No. 2
Parish of St. Helena
NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2000
(Continued)

All customer receivables are reported at gross value and reduced by the portion that is expected to be uncollectible. The board of commissioners of St. Helena Parish Waterworks District No. 2 established a monthly allowance for uncollectible accounts, at \$220 per month, the amount based on past experience in customer collections. Periodically, the board reviews the aging of receivables and determines the actual amounts uncollectible. Per board approval, uncollectible amounts are written off against accounts receivable, and the allowance for doubtful accounts is adjusted to a reasonable estimate of uncollectibility. For the fiscal year ending December 31, 2000, the district recorded bad debt expense of \$579.

Estimated unbilled revenues (accrued billings) are recognized at the end of each fiscal year on a pro-rata basis. The estimated amount is based on billing during the month following the close of the fiscal year. At December 31, 2000, accrued billings amounts were \$7,896.

4. RESTRICTED ASSETS

Restricted assets were applicable to the following at December 31, 2000:

Bond Sinking Fund	\$ 176,269
Bond Contingency Fund	60,254
Bond Reserve Fund	77,906
Customers' Deposits	30,225
Phase IV Construction	4,763
Capital Improvement Fund	103,896
Total Restricted Assets	<u>\$ 453,313</u>

Of the restricted assets listed above, the restricted assets designated for the Capital Improvement Fund, totaling \$103,896 are restricted by the board of directors for future capital projects. The amount of \$4,763 for Phase IV Construction, consists of funds restricted for construction expenditures for the United States Department of Agriculture, Rural Utilities Service (RUS) Phase IV Project.

St. Helena Parish Waterworks District No. 2
Parish of St. Helena
NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2000
(Continued)

5. PROPERTY, PLANT AND EQUIPMENT

A summary of proprietary fund type property, utility plant and equipment in service at December 31, 2000, follows:

Description	Life/Years	Cost	Accumulated Depreciation	Net
Land	N/A	\$ 12,350	\$ -	\$ 12,350
Buildings & Improvements	20	24,005	18,696	5,309
Furniture & Fixtures	10	1,591	1,461	130
Vehicles	5	12,705	12,705	-
Equipment	10	6,250	2,395	3,855
Chemical Storage Tank	10	9,356	1,092	8,264
Original RUS Project:				
Water System	40	698,637	271,380	427,257
Water Well	20	157,502	120,322	37,180
Water Tank	40	124,971	48,425	76,546
Water System (RUS NE EXP):				
Water Well	40	145,424	40,598	104,826
Water Tank	40	161,715	44,472	117,243
Water Lines	40	433,552	118,904	314,648
Water System- Improvements	40	127,989	24,989	103,000
Phase III Water System	40	1,349,122	176,413	1,172,709
Phase IV Water System	40	603,569	-	603,569
Construction in Progress- Phase IV Water Well & Tank Improvements	-	214,900	-	214,900
Totals		<u>\$ 4,083,638</u>	<u>\$ 881,852</u>	<u>\$ 3,201,786</u>

Included in the above total is construction in progress of \$214,900 for the Rural Utilities Service "Phase IV Water Well & Tank Improvements" project. Construction period interest expense totaling \$9,109, consisting of \$6,834 for the "Phase IV Water System" project and \$2,275 for the "Phase IV Water Well & Tank Improvements" project, was recorded for the fiscal year ending December 31, 2000.

St. Helena Parish Waterworks District No. 2
Parish of St. Helena
NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2000
(Continued)

Equipment, furniture, and fixtures are depreciated using the useful lives of 5 to 10 years, and the water distribution system uses a useful life of 20 to 40 years. All assets are depreciated under the straight-line method. Depreciation expense for the fiscal year ending December 31, 2000, totaled \$88,350.

6. LONG-TERM DEBT

The following is a summary of the long-term liability transactions during the year:

Description	Long-Term Liabilities Payable at Beginning of Year	Additions	Deletions	Long-Term Liabilities Payable at End of Year
1984 Water Revenue Bonds	\$ 449,989	-	\$ 9,693	\$ 440,296
1987 Water Revenue Bonds	181,257	-	2,629	178,628
1994 Water Revenue Bonds	349,518	-	4,347	345,171
1999 Water Revenue Bonds	200,000	-	499	199,501
2000 Water Revenue Bonds	-	169,000	-	169,000
	<u>\$ 1,180,764</u>	<u>\$ 169,000</u>	<u>\$ 17,168</u>	<u>\$ 1,332,596</u>

As of December 31, 2000, there are five revenue bonds outstanding. The original bond was issued on January 26, 1984, at Five-Hundred Twenty-Four Thousand Dollars (\$524,000), numbered R-1, and issued at the rate of 7.25% to the U.S. Rural Utilities Service (RUS) office. Under the terms of the agreement, an interest only payment was due on January 26, for the two years following the bond issue date. Beginning with the third annual payment date of January 26, 1987, and thereafter on each succeeding annual payment date, an annual payment of \$41,423 is required until interest and principal are fully paid. The final date for payment of the entire indebtedness, if not paid sooner, shall be not later than forty (40) years from bond issue date.

The second revenue bond represents RUS funding for the Northeast Expansion Project. On August 13, 1987, the governing authority passed a resolution to issue an additional \$198,000 of revenue bonds for the purpose of improving and extending the water system. As of December 31, 1991, the expansion project was completed. Under the terms of the RUS "Letter of Conditions" issued August 4, 1987, the loan is to be repaid over a period not exceeding 40 years from the date of the bond and at an interest rate of 6.375%. An interest payment only was due 12 months from the date of the bond, with the first amortized payment of principal and interest due 2 years from the date of the bond and annually thereafter. The annual payment of principal and interest totals \$13,868.

The third bond, dated 5/26/94, totaling \$360,000, was issued at an annual interest rate of 5.0%, and provided funding for the RUS Phase III project. Under the terms of funding by the Rural Utilities Service, interest payments were made on January 26, 1995 of \$8,176, and \$17,995 on January 26, 1996. Installments of principal and interest, totaling \$21,344 are to be made on an annual basis, beginning January 26, 1997, with the loan to be repaid over a period not exceeding 40 years from the date of the bond.

St. Helena Parish Waterworks District No. 2
Parish of St. Helena
NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2000
(Continued)

The fourth bond, dated 8/26/99, totaling \$200,000, was issued at an annual interest rate of 4.75%, and provided funding for the RUS "Phase IV Water Distribution System" project. Under the terms of funding by the Rural Utilities Service, an interest payment only is due on August 26, 2000, with monthly principal and interest payments of \$940 to begin on September 26, 2000, with the loan to be repaid over a period not exceeding 40 years from the date of the bond.

The fifth bond, dated 7/17/00, provides funding for the "Phase IV Water Well & Tank Improvements" project, under construction at fiscal year end. As of 12/31/00, St. Helena Water District had received a total of \$169,000 of \$278,000 authorized in loan funds, with an interest rate not to exceed 4.5%. Provisions of the loan agreement require an interest only payment on 6/26/01, with principal and interest payments of \$1,262 to begin on 7/26/01, with the loan to be repaid over a period not exceeding 40 years from the date of the bond.

The annual requirements to amortize all debt outstanding, including the final issue of the "2000 Water Revenue Bonds" at an authorized issue amount of \$278,000 during the fiscal year ending December 31, 2001, are presented below. These annual requirements include interest payments of \$1,693,385.

Year Ending December 31,	Water System Revenue - RUS \$524,000	Water System Revenue - RUS Expansion \$198,000	Water System Revenue- RUS Phase III \$360,000	Water System Revenue- RUS Phase IV \$200,000	Water System Revenue- RUS Phase IV \$278,000	Total
2001	\$ 41,423	\$ 13,868	\$ 21,344	\$ 11,280	\$ 7,574	\$ 95,489
2002	41,423	13,868	21,344	11,280	15,145	103,060
2003	41,423	13,868	21,344	11,280	15,145	103,060
2004	41,423	13,868	21,344	11,280	15,145	103,060
2005	41,423	13,868	21,344	11,280	15,145	103,060
2006-2010	207,115	69,340	106,720	56,400	75,727	515,302
2011-2015	207,115	69,340	106,720	56,400	75,727	515,302
2016-2020	207,115	69,340	106,720	56,400	75,727	515,302
2021-2025	165,692	69,340	106,720	56,400	75,727	473,879
2026-2030	-	41,604	106,720	56,400	75,727	280,451
2031-2035	-	-	85,376	56,400	75,727	217,503
2036-2040	-	-	-	41,360	68,153	109,513
Totals	<u>\$ 994,152</u>	<u>\$ 388,304</u>	<u>\$ 725,696</u>	<u>\$ 436,160</u>	<u>\$ 590,669</u>	<u>\$ 3,134,981</u>

St. Helena Parish Waterworks District No. 2
Parish of St. Helena
NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2000
(Continued)

7. FLOW OF FUNDS, RESTRICTIONS ON USE

Specific legal requirements for reserve accounts are as follows:

- a) There shall be established a "Water System Revenue Bond and Sinking Fund" - sufficient in amount to pay the principal and interest on outstanding revenue bonds as they become due and payable. Payments are to be made from the Operating Fund (Revenue Fund) of the district, to the "Revenue Sinking Fund" by the 20th of each month, in an amount equal to 1/12 of the interest and principal falling due on the next bond payment date. Monies in the "Revenue Sinking Fund" are deposited as Trust Funds, and are exclusively pledged for the purpose of paying principal and interest on the Revenue Bonds.

The district made all of the required deposits, maintaining a total of \$176,269 for the fiscal year ended December 31, 2000.

- b) Bond reserve requirements apply to each RUS Bond, as modified by the RUS Letter of Conditions dated July 8, 1996.

There shall be set aside into a "Utility System Revenue Bond Reserve Fund" a sum equal to five percent (5%) of the monthly bond payment after the construction becomes revenue producing until there is accumulated therein an amount equal to the highest annual debt service payment in any future year. Such amounts may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond and Interest Sinking Fund as to which there would otherwise be default.

Combined payment requirements for the first four RUS bond issues, as of December 31, 2000, are \$366 per month. On 7/26/01, reserve requirements will again change pursuant to the RUS Letter of Conditions dated February 10, 2000, increasing in an amount equal to five percent of the annual loan installment required for the fifth RUS Bond, to be issued at a principal amount not to exceed \$278,000. Increases in reserve requirements are to be funded by increasing the monthly required deposit.

The twelve required monthly payments to the "Revenue Bond Reserve Fund" were made for the year 2000 with a balance maintained of \$77,906 at December 31, 2000.

- c) Funds are also to be deposited into a "Depreciation and Contingency Fund", under the terms of the bond agreement. As modified by the RUS Letter of Conditions dated July 8, 1996, combined monthly payment requirements total \$366 for the first four RUS bond issues. On 7/26/01, reserve requirements will again change pursuant to the RUS Letter of Conditions dated February 10, 2000, increasing in an amount equal to five percent of the annual loan installment required for the fifth RUS Bond, to be issued at a principal amount not to exceed \$278,000. Increases in reserve requirements are to be funded by increasing the monthly required deposit. Money in this fund will be used for the making of extraordinary repairs or replacements to the system which are necessary to keep the system in operating condition, enhance its revenue producing capacity or provide for a higher degree of service for which money is not available as a maintenance and operation expense. Money in this fund may also be used to pay principal and interest on the bonds falling due at any time there is not sufficient money for payments in other bond funds.

St. Helena Parish Waterworks District No. 2
Parish of St. Helena
NOTES TO THE FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2000
(Continued)

The twelve required monthly payments to the "Depreciation & Contingency Fund" were made for the year 2000. The balance in the "Depreciation and Contingency Fund" at December 31, 2000, was \$60,254.

All the revenues received in any year and not required to be paid in such year into any of the noted funds shall be regarded as surplus and may be used for any lawful corporate purpose.

8. RESERVED RETAINED EARNINGS

Reserved Retained Earnings, totaling \$138,160, is created in conjunction with the issuance of revenue bonds and is funded by transfers from the revenue account based on assets held by the water district that are restricted for bond payments and emergency repairs. The purpose of the reserved retained earnings is to service the revenue bonds.

9. UNRESERVED RETAINED EARNINGS-DESIGNATED

The board of commissioners of the district at December 31, 2000 had designated a total of \$103,896 for future capital improvement projects.

10. WATER SYSTEM MANAGEMENT

The water system, under the direction of the board of commissioners of St. Helena Parish Waterworks District No.2, is operated by a system manager. The manager receives customer service calls, collects payments from customers, and performs routine maintenance work for the district. Subsequent to the end of the December 31, 1996 fiscal year, a management contract was approved for operation of the water system.

11. CONSTRUCTION COMMITMENTS

As of December 31, 2000, a total of \$214,900 in construction expenditures were recorded for the RUS funded "Phase IV Water Well & Tank Improvements" project. This project is being funded pursuant to the February 10, 2000 RUS Letter of Conditions, which specifies the conditions required for funding not to exceed \$278,00 in RUS loan funds, and \$362,000 in RUS grant funds.

SUPPLEMENTARY INFORMATION

St. Helena Parish Waterworks District No. 2
Parish of St. Helena
Greensburg, Louisiana

SCHEDULE 1

COMPARATIVE BALANCE SHEET - PROPRIETARY FUND TYPE
December 31, 2000 and 1999

	Enterprise Fund	
	2000	1999
ASSETS		
Currents Assets:		
Cash	\$ 38,100	\$ 39,558
Accounts Receivable (Net)	33,127	28,957
Accrued Billings	7,896	5,226
Due From Rural Utilities Service	-	40,000
Prepaid Insurance	1,006	1,018
Total Current Assets	<u>80,129</u>	<u>114,759</u>
Restricted Assets:		
Cash - RUS Bond Sinking Fund	176,269	166,369
Cash - RUS Depreciation & Contingency Fund	60,254	55,564
Cash - RUS Bond Reserve Fund	77,906	72,780
Cash - Customers Deposits	30,225	29,574
Cash - Phases IV Construction	4,763	1,720
Cash - Capital Improvements Fund	103,896	145,075
Total Restricted Assets	<u>453,313</u>	<u>471,082</u>
Property, Plant and Equipment:		
Land	12,350	12,350
Buildings	24,005	24,005
Furniture and Fixtures	1,591	1,591
Vehicles	12,705	12,705
Equipment	6,250	6,250
Chemical Storage Tank	9,356	9,356
Water System	1,109,099	981,110
Water Well - RUS NE Expansion	145,424	145,424
Water Tank - RUS NE Expansion	161,715	161,715
Water Lines - RUS NE Expansion	433,552	433,552
Phase IV Water Distribution System	603,569	-
Phase III Expansion	1,349,122	1,349,122
Construction in Progress - Phase IV	214,900	406,574
Total Property, Plant and Equipment	<u>4,083,638</u>	<u>3,543,754</u>
Less: Accumulated Depreciation	<u>(881,852)</u>	<u>(793,501)</u>
Net Property, Plant and Equipment	<u>3,201,786</u>	<u>2,750,253</u>
Total Assets	<u>\$ 3,735,228</u>	<u>\$ 3,336,094</u>

LIABILITIES AND FUND EQUITY

Liabilities:

 Current Liabilities (Payable From Current Assets):

Accounts Payable	\$ 4,102	\$ 3,287
Sales Tax Payable	731	502
Payroll Taxes Payable	136	197
Total Current Liabilities (Payable From Current Assets)	<u>4,969</u>	<u>3,986</u>

Continued on the following page

The accompanying notes are an integral part of these statements.

St. Helena Parish Waterworks District No. 2
Parish of St. Helena
Greensburg, Louisiana

SCHEDULE 1

COMPARATIVE BALANCE SHEET - PROPRIETARY FUND TYPE

(Continued)

December 31, 2000 and 1999

	Enterprise Fund	
	2000	1999
Current Liabilities (Payable From Restricted Assets):		
Current RUS Bond Payable	\$ 16,263	\$ 15,426
Accrued RUS Bond Interest	58,438	56,925
Customer Deposits Payable	46,836	45,036
Accrued Construction Interest	2,275	2,548
Construction Accounts Payable	13,320	38,000
Construction Retainage Payable	4,375	32,658
Liability for Connection Fees	-	12,000
Total Current Liabilities (Payable From Restricted Assets)	141,507	202,593
Long-Term Liabilities:		
Revenue Bonds Payable -		
RUS Original System	433,099	441,190
RUS NE Expansion	176,486	178,944
Phase III Expansion	341,486	345,651
Phase IV Water Distribution System	197,592	-
Phase IV Water Well & Tank Improvements	167,670	199,553
Total Long-Term Liabilities	1,316,333	1,165,338
Total Liabilities	1,462,809	1,371,917
Fund Equity:		
Contributed Capital - RUS Original System	500,000	500,000
Contributed Capital - RUS NE Expansion	542,000	542,000
Contributed Capital - Hwy 16 Relocation	102,581	102,581
Contributed Capital - Fire Department	5,540	5,540
Contributed Capital - Phase III Expansion	980,000	980,000
Contributed Capital - Connection Fees	26,750	14,750
Contributed Capital - Phase IV Expansion	370,400	173,000
Less: Accumulated Amortization	(496,386)	(443,133)
Net Contributions	2,030,885	1,874,738
Retained Earnings:		
Reserved for RUS Bond Depreciation and Contingency	138,160	128,343
Unreserved Retained Earnings:		
Designated	103,374	63,695
Undesignated	-	-
Total Retained Earnings	241,534	192,038
Total Fund Equity	2,272,419	2,066,776
Total Liabilities and Fund Equity	\$ 3,735,228	\$ 3,438,693

(Concluded)

The accompanying notes are an integral part of these statements.

St. Helena Parish Waterworks District No. 2

Parish of St. Helena

Greensburg, Louisiana

SCHEDULE 2

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN UNRESERVED
RETAINED EARNINGS (BUDGET AND ACTUAL) - PROPRIETARY FUND TYPE**

Year Ended December 31, 2000

And Actual for the Year Ended December 31, 1999

	Enterprise Fund			
	2000 Budget	2000 Actual	Variance- Favorable (Unfavorable)	1999 Actual
Operating Revenues				
Water Sales	\$ 236,000	\$ 244,397	\$ 8,397	\$ 219,572
Connection Fees	12,665	13,525	860	12,915
DHH Fees	378	379	1	-
Late Charges	7,960	8,348	388	7,993
Interest	14,825	19,438	4,613	14,464
Total Operating Revenues	<u>271,828</u>	<u>286,087</u>	<u>14,259</u>	<u>254,944</u>
Operating Expenses				
Salaries	8,500	6,862	1,638	7,782
Payroll Taxes	650	546	104	610
Per Diem - Board Members	3,000	2,800	200	2,650
Accounting	11,125	11,055	70	10,170
Advertising	-	205	(205)	979
Bad Debts	2,640	579	2,061	569
Billing Costs	8,000	8,000	-	6,276
Chemicals	3,000	2,326	674	2,168
Contract Labor	-	-	-	125
Contract Management & Operations	57,000	56,992	8	40,965
Depreciation	88,825	88,350	475	85,215
Dues	150	150	-	150
Insurance	4,500	4,892	(392)	5,352
Meter Installations	5,000	4,800	200	6,475
Miscellaneous	125	362	(237)	196
Office Supplies & Expense	1,200	1,398	(198)	1,142
Postage	2,800	3,147	(347)	2,464
Repairs and Maintenance	9,000	11,236	(2,236)	8,126
Supplies - Water System	9,000	5,317	3,683	10,136
Telephone	1,400	1,404	(4)	1,677
Utilities	15,475	14,626	849	13,923
Vehicle Expense	2,000	2,280	(280)	1,917
Total Operating Expense	<u>233,390</u>	<u>227,327</u>	<u>6,063</u>	<u>209,067</u>
Net Operating Income	<u>38,438</u>	<u>58,760</u>	<u>20,322</u>	<u>45,877</u>

(Continued)

The accompanying notes are an integral part of these statements.

St. Helena Parish Waterworks District No. 2
Parish of St. Helena
Greensburg, Louisiana

SCHEDULE 2

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN UNRESERVED
RETAINED EARNINGS (BUDGET AND ACTUAL) - PROPRIETARY FUND TYPE**

Year Ended December 31, 2000

And Actual for the Year Ended December 31, 1999

	Enterprise Fund			
	2000 Budget	2000 Actual	Variance- Favorable (Unfavorable)	1999 Actual
Non-Operating Revenue (Expenses):				
Interest Expense	(74,327)	(66,648)	7,679	(61,720)
Bond Commission	-	-	-	(130)
Miscellaneous Income	3,670	3,806	136	45
Recovery-Bad Debts	450	325	(125)	471
Total Non-Operating Revenue (Expenses)	<u>(70,207)</u>	<u>(62,517)</u>	<u>7,690</u>	<u>(61,334)</u>
Net Income (Loss)	\$ <u><u>(31,769)</u></u>	\$ <u><u>(3,757)</u></u>	\$ <u><u>28,012</u></u>	\$ <u><u>(15,457)</u></u>
Retained Earnings-Unreserved, Beginning		63,695		
Amortization of Contributed Capital		53,253		
Increase in Reserve for Contingencies		<u>(9,817)</u>		
Retained Earnings-Unreserved, Ending		\$ <u><u>103,374</u></u>		

(Concluded)

The accompanying notes are an integral part of these statements.

St. Helena Waterworks District No. 2
Parish of St. Helena
Greensburg, Louisiana

SCHEDULE 3

COMPARATIVE SCHEDULE OF CASH FLOWS-PROPRIETARY FUND TYPE
Years Ended December 31, 2000 and 1999

	<u>12/31/00</u>	<u>12/31/99</u>
Cash Flows From Operating Activities:		
Operating Income	\$ 58,760	\$ 45,877
Adjustments to Reconcile Net Operating Income to Net Cash		
Provided by Operating Activities:		
Depreciation	88,350	85,215
Changes in Accounts Receivable	(4,170)	(3,064)
Changes in Accrued Billings	(2,670)	611
Changes in Due From Rural Utility Service	40,000	(40,000)
Changes in Prepaid Insurance	12	11
Changes in Accounts Payable and Accrued Expenses	984	2,363
Changes in Current Liabilities Payable from Restricted Assets	(49,923)	79,701
Net Cash Provided by Operating Activities	<u>131,343</u>	<u>170,714</u>
Cash Flows From Capital and Related Financing Activities:		
Acquisition of property and equipment	(437,285)	(412,445)
Phase IV RUS Bond Proceeds	169,000	199,553
Phase IV RUS Capital Contribution	197,400	173,000
Principal Repayments-		
RUS Bond - Original Water System	(9,693)	(9,379)
RUS Bond - RUS NE Expansion	(2,629)	(3,198)
RUS Bond - Phase III	(4,347)	(3,985)
RUS Bond - Phase IV Water Distribution System	(499)	-
Interest Payments - RUS Loans	(66,648)	(61,720)
Net Cash Used by Capital and Related Financing Activities	<u>(154,701)</u>	<u>(118,174)</u>
Cash Flows From Non-capital Financing Activities:		
Miscellaneous Income	3,806	45
Bond Commission	-	(130)
Recovery of Bad Debts	325	471
Net Cash Provided by Non-capital Financing Activities	<u>4,131</u>	<u>386</u>
Net Cash Increase (Decrease) for Year	(19,227)	52,926
Cash at Beginning of Year	<u>510,640</u>	<u>457,714</u>
Cash at End of Year	\$ <u><u>491,413</u></u>	\$ <u><u>510,640</u></u>

The accompanying notes are an integral part of these statements.

St. Helena Parish Waterworks District No. 2
Parish of St. Helena

SCHEDULE 4

SCHEDULE OF INSURANCE COVERAGES
December 31, 2000

Insurance Company	Coverage	Effective Date	Expiration Date
Travelers Insurance Company Policy # I-660-566X4874-COF-00	Employee Dishonesty - Blanket coverage of \$100,000.	01/22/00	01/22/01
Travelers Insurance Company Policy # I-660-566X4874-COF-00	Business Auto Coverage of \$1,000,000; Uninsured Motorists Coverage of \$1,000,000; \$250 deductible Comprehensive, \$500 deductible Collision, for scheduled unit.	01/22/00	01/22/01
Travelers Insurance Company Policy # I-660-566X4874-COF-00	<ul style="list-style-type: none"> -Property Coverage of \$20,140 for Building; \$4,000 for contents. -Property coverages of \$3,180 for pumping station at Hwy. 10 Greensburg, LA. -Property coverages of \$106,000 for water tower and well site/pumping Station at Hwy 10, Greensburg -Property Coverages of \$3,180 for pumping station; \$56,180 for ground tank; and \$27,000 for generator building at Hwy. 38 Greensburg, LA. 	01/22/00	01/22/01
General Star Indemnity Company Policy # IYA602235B	Public Officials Liability limits at \$1,000,000, and deductible of \$1,000.	09/02/00	09/02/01
Louisiana Workers' Compensation Policy # 17223-1	Workmen's Compensation at statutory limits, Employer's Liability at \$100,000	04/17/00	04/17/01
Travelers Insurance Company Policy # I-660-566X4874-COF-00	- Commercial General Liability Limits at \$1,000,000 Aggregate; \$1,000,000 per Occurrence; personal and advertising Injury and products liability coverage limits at \$1,000,000; \$100,000 fire damage limit.	01/22/00	01/22/01

St. Helena Parish Waterworks District No. 2
Parish of St. Helena

SCHEDULE 5

SCHEDULE OF BOARD OF COMMISSIONERS
December 31, 2000

<u>Board of Commissioners</u>	<u>Per Diem Payments</u>	<u>Term of Office</u>
Claude Sharkey, President Rt. 1, Box 77 Amite, Louisiana 70422	\$ 600	07/26/97 - 07/26/2003
James Ash, Vice-President Rt. 3, Box 322 Greensburg, Louisiana 70441	500	07/27/96 - 07/26/2002
Jim Hitchens, Secretary-Treasurer Rt. 1, Box 83-AA Amite, Louisiana 70422	600	07/26/99 - 07/26/2005
Leroy Jones, Sr. 16375 HWY 441 Kentwood, Louisiana 70444	400	07/27/95 - 11/30/2000
Evelyn Jones 16375 HWY 441 Kentwood, Louisiana 70444	150	12/01/00 - 7/26/2001
Huey Davis Rt. 4, Box 261 Amite, Louisiana 70422	550	07/26/98 - 07/26/2004
	<u>\$ 2,800</u>	

St. Helena Parish Waterworks District No. 2
Parish of St. Helena

SCHEDULE 6

SCHEDULE OF WATER CUSTOMERS
December 31, 2000

As of December 31, 2000, the water district had the following number of customers.

Water-Residential	1,157
Commercial/Dairy	49
	<u>1,206</u>

SCHEDULE OF WATER RATES
December 31, 2000

<u>Usage</u>	<u>Monthly Charge</u>
Residential:	
First 2,000 gallons	\$ 9.00
Next 4,000 gallons	2.50 per 1,000 gallons
Next 4,000 gallons	1.50 per 1,000 gallons
Over 10,000 gallons	1.00 per 1,000 gallons
Commercial:	
First 10,000 gallons	\$ 25.00
All over 10,000 gallons	.80 per 1,000 gallons
Dairy:	
First 20,000 gallons	\$ 25.00
All over 20,000 gallons	.80 per 1,000 gallons

**St. Helena Parish Waterworks District No. 2
Parish of St. Helena**

**SUPPLEMENTAL INFORMATION SCHEDULES
December 31, 2000**

GENERAL

**EXPENDITURES OF FEDERAL AWARDS
AND AUDIT FINDINGS RESOLUTION**

In accordance with Office of Management and Budget Circular A-133, schedules of expenditures of federal awards, follow-up and corrective action taken on prior audit findings, and corrective action plan for current year audit findings are presented.

SCHEDULE 7

<u>Disbursements/ Expenditures</u>	<u>Loan Balance at December 31 2000</u>
\$ 9,693	\$ 440,296
2,629	178,628
4,347	345,171
499	199,501
-	169,000
<u>\$ 17,168</u>	<u>\$ 1,332,596</u>

\$ 196,995
<u>214,900</u>
<u><u>\$ 411,895</u></u>

**St. Helena Parish Waterworks District No. 2
Parish of St. Helena**

SCHEDULE 8

**Summary Schedule of Prior Year Audit Findings
For the Year Ended December 31, 2000**

Section I - Internal Control and Compliance Material to the Financial Statements

No Findings for Section I.

Section II-Internal Control and Compliance Material to Federal Awards

No Findings for Section II.

Section III - Management Letter

No findings for Section III.

**St. Helena Parish Waterworks District No. 2
Parish of St. Helena**

SCHEDULE 9

**Corrective Action Plan for Current Year Audit Findings
For the Year Ended December 31, 2000**

Section I - Internal Control and Compliance Material to the Financial Statements:

No Section I findings.

Section II-Internal Control and Compliance Material to Federal Awards

No Findings for Section II.

Section III - Management Letter

Reference Number: 2000-M1

Description of Finding:

We noted that the accounts receivable over 60 days past due increased from \$3,904 at December 31, 1999, to \$7,817 at December 31, 2000. Per discussion and review with management, part of the increase was because of new customers added to the system that did not keep their account balances current. A total of 208 customers were billed in August, 2000 for the Phase IV expansion, and by December 31, 2000, a total of 30 of these customers had been disconnected for non-payment. In addition, billings increased from \$219,572 at December 31, 1999, to \$244,397 at December 31, 2000.

St. Helena Water District actively pursues the collection of past due accounts. However, as the customer base increases, more emphasis must be placed on timely disconnect of past due accounts. We recommend that management of the district immediately review all accounts over 60 days for possible disconnect and referral for collection.

Corrective Action Planned (Response by Management):

We will review the past due accounts and take the necessary action.

Anticipated Completion Date:

The required action will be taken immediately.

Name of Contact Person:

Claude Sharkey, President
St. Helena Waterworks District No. 2
P.O. Box 658
Greensburg, LA 70441
(504) 748-4657

**St. Helena Parish Waterworks District No. 2
Parish of St. Helena**

SCHEDULE 10

**Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2000**

I. Type of Report Issued on the Financial Statements.

A unqualified opinion was issued on the financial statements for the St. Helena Parish Waterworks District No. 2, for the fiscal year ending December 31, 2000.

II. Disclosure of Reportable Conditions in Internal Control.

There were no reportable conditions disclosed by the audit of the financial statements of the district.

III. Disclosure of noncompliance material to the financial statements.

There were no material instances of noncompliance disclosed by the audit of the financial statements of the district, which are required to be reported in accordance with *Government Auditing Standards*.

IV. Disclosure of Reportable Conditions in Internal Control over Major Programs.

There were no reportable conditions for the Major Program for the district for the fiscal year ending December 31, 2000.

V. Type of Report Issued for Major Programs.

Unqualified.

VI. Disclosure of Audit Findings Required to be Reported under S____.510 Audit Findings.

There were no findings to be reported under S____.510 Audit Findings. ,

VII. Identification of Major Programs.

The Major Programs for the St. Helena Parish Waterworks District No. 2 was the "Water and Waste Disposal Systems for Rural Communities" loan/grant program (CFDA 10.760).

VIII. Dollar Threshold to Distinguish Between Type "A" and Type "B" programs.

Expenditures of \$300,000.

IX. Statement as to Whether the Auditee qualified as Low-Risk Auditee under S____.530.

No.. The St. Helena Parish Waterworks District No. 2 did not qualify as a low-risk auditee under the provisions of S____.530, since the major program had not been audited in the prior two years.

**St. Helena Parish Waterworks District No. 2
Parish of St. Helena**

**SCHEDULE 10
(Continued)**

**Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2000**

X. Findings - Financial Statement Audit.

There were no findings to be reported in accordance with GAGAS for the fiscal year ending December 31, 2000.

XI. Findings and Questioned Costs for Federal Awards.

There were no findings or questioned costs for the St. Helena Parish Waterworks District No. 2 for the fiscal year ending December 31, 2000.

BRUCE HARRELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
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MEMBERS
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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
St. Helena Parish Waterworks District No. 2
Greensburg, Louisiana 70441

We have audited the general purpose financial statements of the St. Helena Parish Waterworks District No. 2, Louisiana, as of and for the year ended December 31, 2000, and have issued our report thereon dated March 5, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the St. Helena Parish Waterworks District No. 2, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered St. Helena Parish Waterworks District No. 2, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. A material weakness is a reportable condition in which the design and operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management with the Corrective Action Plan for Current Year Audit Findings as Reference No. 2000-M1.

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Board of Commissioners
St. Helena Parish Waterworks District No. 2
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This report is intended for the information of management, the Legislative Auditor, and the U. S. Rural Utility Service office. However, this report is a matter of public record and its distribution is not limited.



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

March 5, 2001

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Commissioners
St. Helena Parish Waterworks District No. 2
Greensburg, Louisiana 70441

Compliance

We have audited the compliance of the St. Helena Parish Waterworks District No. 2 with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2000. The St. Helena Parish Waterworks District No. 2's major federal programs are identified in the accompanying schedule of federal awards. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the St. Helena Parish Waterworks District No. 2's management. Our responsibility is to express an opinion on the St. Helena Parish Waterworks District No. 2's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the St. Helena Parish Waterworks District No. 2's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the St. Helena Parish Waterworks District No. 2's compliance with those requirements.

In our opinion, the St. Helena Parish Waterworks District No. 2 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2000.

BRUCE HARRELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS

Board of Commissioners
St. Helena Parish Waterworks District No. 2
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Internal Control Over Compliance

The management of the St. Helena Parish Waterworks District No. 2 is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the St. Helena Parish Waterworks District No. 2's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management, the Louisiana Legislative Auditor, and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

March 5, 2001